



ASSET PROFILE

Cluster Overview: Regional Context

Overview

Detroit does not exist in isolation. It is part of the most competitive region in the state. Therefore, Detroiters need to be aware of significant regional trends and where they are occurring. Because the most notable growth in the region in key areas, such as jobs, is occurring in Oakland County, it is important to discuss its growth and related trends. Detroit needs to know its greatest regional competitor's assets in order to make reinvestment and redevelopment plans that increase its own competitive edge. Detroit must operate within an understanding of the strong competitive regional economy and market.

This discussion becomes relevant for residents in Cluster 8 and other clusters as they consider future employment, neighborhood revitalization, linkages and competition issues between themselves and suburban commercial areas and neighborhoods. Further, as technological advances continue, regional relationships may grow stronger as "computer connected" communities develop. This can potentially tie together residents within the city and within the region, as well as connect them to needed services, such as hospitals, stores, restaurants, government offices, and other businesses through multi-purpose computer networks. This could allow residents to access services and products throughout the region regardless of location.

There is a growing sense that the suburban paradigm, the dominant pattern of the 1940's forward, cannot sustain another generation of growth (The New Urbanism: Toward An Architect of Community, 1994). Jack Lessenger in his book *Penturbia*, goes so far as to predict that "...changing work patterns will make suburbs obsolete and trigger a boom in the rural areas where people now vacation or retire."

Ideally, CRS has produced information that supports overall regional, city, and neighborhood planning. This would mean socially, economically, and ecologically planning for specific parts of the region and simultaneously the region as a whole — Wayne County, Detroit, and its neighborhoods .

Tri-county population trends and patterns may also have implications for future planning and specifically for cluster recommendations. For example, as stated in FutureScope, October, 1996:



- Population is projected to grow by 1.7 percent yet decline as a percentage of the state's population. Growth will be greatest in the northern areas of Oakland and Macomb counties while the city of Detroit is expected to decline in population and the balance of Wayne County will experience a slight increase. This may translate into a loss of voice and representation in the state's policy decision-making entities and weaken advocates' ability to influence change.
- Increased life expectancy has created a tremendous growth in the number of people living beyond the age of 65. This age group will increase from 9.6 percent of the population in 1980 to 13.4 percent of the population by 2010. At the same time, the younger population will decline in number, except in urban areas, and as a percentage of the total population.
- Those financially responsible for both younger children and the elderly, the "sandwich generation," will increase in number and seek assistance from the health and human services system.
- The number of households in the tri-county will continue to increase. The aging of the population will result in more households without children. This increase in households will generate a greater need for services such as police, fire, and utilities. Household makeup may also impact types of housing in demand.

Neighborhood Commercial

The greatest employment opportunities in the next decade will be in the business, health care and education, service industries, and retail selling (UWCS "FutureScape", October, 1996). Oakland County, the third most affluent county in the country, is a target for "upscale" retailers. 1990 data show that 21 percent of jobs in Oakland County were in the retail sector (Oakland County Department of Community and Economic Development). Further, Oakland County projects retail trade and services to account for two out of three of the job gains over the next two years.

The 910 square miles occupied by Oakland County are immediately north of Detroit and only 15 miles from downtown Detroit, making retail shopping for Detroiters (perhaps more so for many Cluster 8 residents in close proximity to Oakland County) significant. For example, the manager of Hudson's Northland estimates 50 percent of the store's customers and slightly more than that 50 percent of the employees are from Detroit (Crains). The latest figures for retail sales from 1995 show Oakland County had \$15.31 billion compared with \$3.75 billion in Detroit, which means Detroit has only 24 percent of Oakland County's level of retail spending, while Detroit has 84 percent of the level of the population Oakland County has. However, Detroit's per capita income is only 45 percent of Oakland County. It is estimated that Detroit consumers make up 38 percent of the retail



sales of Oakland County. Ideally, implementation of cluster recommendations would result in more Detroiters being able to shop in the city.

Suburban “mega malls” that contain entertainment centers, restaurants, and theaters and offer family outings including other things in addition to shopping, have been developed in part because very large parcels of land have been available to attract shopping center developers. According to the City of Detroit Planning and Development Department officials, organizing similar parcels has been a challenge within Detroit. Continued development of metro area shopping complexes includes the Great Lakes Crossing scheduled to open next year (1998). The center is a \$100 million enclosed mega-mall being developed by Taubman Realty in Auburn Hills. The site, located on 216 acres near I-75 and Baldwin, will have 200 stores and 1.7 million square feet of space. Another example is a Borders book store which plans to open a 25,500 square foot “superstore” later this year (1997) at Rochester & Avon Rds. in Rochester Hills. The store is expected to create 50 jobs. Similar opportunities for development of a family entertainment complex including a theater exists in Cluster 8. Currently, the closest movie theater to the cluster is the Norwest located just east of the Southfield Fwy. on Grand River.

Regional economic and commercial development cannot be discussed without mention of two Oakland County cities, Troy and Royal Oak. Royal Oak has become a prime retail area in the tri-county area, attracting numerous Detroiters for shopping and entertainment. A 1997 Detroit Free Press article discussed the increased commercial rents resulting from Royal Oak's growth and development.

Troy is even more significant. The Detroit Magazine (August, 1997 issue) describes Troy's winning formula, strong corporate, residential and retail bases, that makes Oakland County's largest city (34.3 square miles and 80,000 residents) a suburban superpower and the third fastest growing employment center in the United States (The Wall Street Journal). More than 80 percent of the city's land is developed. It has 10.8 million square feet of office space, ranking it third behind Detroit and Southfield in the regional office market, and its 92.4 percent occupancy rate tops both. While Detroit should not seek to redevelop itself in the exact manner as suburban cities have done, knowing what makes other cities successful is important information for improving Detroit's regional and global competitive edge. Regional successes also serve as examples of possibilities for asset focused redevelopment within Cluster 8, which in some ways is reflected in several of the cluster's neighborhood commercial recommendations.



While Detroiters support Oakland County retail business, they also support retail businesses at malls in other areas outside the city (Fairlane, Eastland, Westland, Lakeside). Detroit has no similar malls anchored by major department stores. Further, strip malls and specialty stores have also become attractive to shoppers as they become more demanding for customized products and services. These may be options for reinvestment along the cluster's existing commercial arteries as discussed under the neighborhood commercial area in the asset profile section.

Cluster interest in commercial reinvestment also requires a brief review of Wayne County, the eighth largest county in the nation. Wayne County believes that government can play a role in helping build business. This may be key to cluster residents interested in neighborhood business development, minority business development and entrepreneurial endeavors. Wayne County has several programs and services geared to supporting businesses. These include:

- SBA 504 Loan Program which provides a low down payment, a fixed interest rate, and a longer term repayment period for real estate and equipment financing.
- Wayne County's Urban Loan Fund which is designed to support projects under \$150,000. The program targets small businesses in Detroit, Ecorse, Hamtramck, Highland Park, Inkster, River Rouge, and minority businesses anywhere in these county designated distressed communities.
- Wayne County Electronic Procurement Assistance Center (EPAC) targets small and minority businesses utilizing an electronic billboard system to provide bid opportunity information.

Wayne County also sponsors a procurement fair each spring. Special workshops and seminars on a variety of topics such as franchising, avoiding business pitfalls, alternative funding sources, etc., are held in October each year, the designated Minority Enterprise Development month.

Information on the above Wayne County programs taken from the *Wayne County Information Guide (1995)* highlights select programs that could potentially serve as resources for implementation of some cluster recommendations. More information can be found in the Information Guide.

Housing

Major housing stock was built during different times in the tri-county area. According to the DMP, more than 47 percent of Detroit's current housing stock was built from 1910 to 1935. In sharp contrast, 40.2 percent of the housing in Macomb County has been built since 1970 (A Profile of Macomb County, 1990).



Housing value also has varied. While the following list is not comparative, it provides facts on tri-county housing values.

- The median value of owner-occupied housing in 1990 in Macomb County was \$78,800.
- In Oakland County the average selling price of single-family homes rose from \$83,927 in 1986 to \$116,962 in 1992 with sale prices ranging from \$25,000 to over \$2 million.
- A 1995 Chicago Title and Trust survey ranked Detroit metro housing prices well below many cities, even though selling prices in Wayne County rose from \$43,340 in 1984 to \$84,240 in 1993.
- Detroit, known historically for its strong housing stock, has also seen major increases in selling prices of homes. Detroit area housing costs rose 8.5 percent between 1990 and 1994 according to the U.S. Census Bureau of Labor Statistics. In Cluster 8, prices in Rosedale Park have jumped in value by \$40,000 to \$60,000 (Michigan Association of Realtors Sales Data).

Today, metro Detroit is among the top 10 U.S. housing markets, according to the April 1997 issue of *Professional Builder*, with 24,127 new housing permits issued in 1996. Thirty-six percent of the total new housing in the seven-county region in 1990 was in Oakland County with about 62,500 residential building permits being issued since 1985 and over 11,000 permits authorized since 1991 (Oakland County Department of Community and Economic Development). In Wayne County, many areas such as Plymouth, are also booming.

Detroit's housing market is also experiencing change. The city has sharply reversed the downward momentum of its housing market of just a few years ago. According to SEMCOG, in 1996 Detroit issued 86 new housing permits and demolished 8,432 old houses. However, Detroit issued 101 new housing permits in the first seven months of 1997 (*Detroit News*, September 10, 1997). Developers project there is a demand for at least 80,000 new houses, including apartments and condominiums in the city over the next ten years (*Detroit News*, May 14, 1997, *The Road to Renaissance*). The Housing section of the Asset Profile describes housing generally and new housing developments in the Cluster 8 specifically.



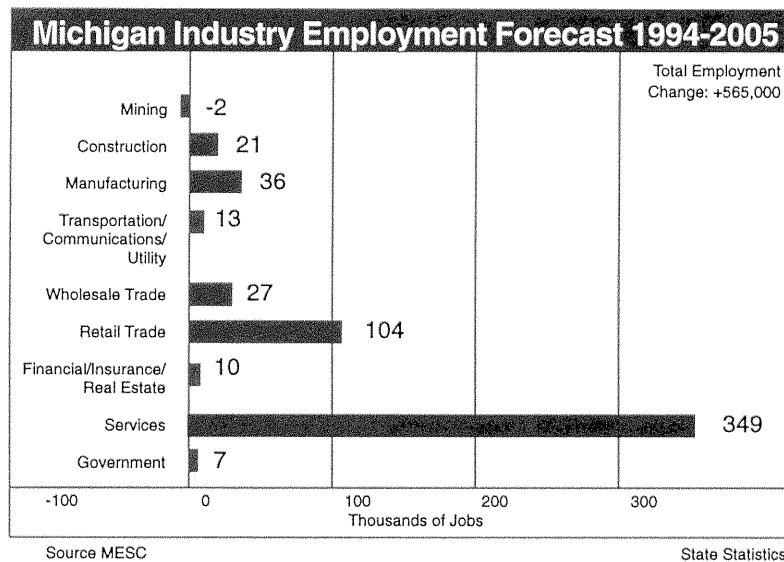
Job Centers

MESA data shows that 102,000 of the 351,000 new jobs in the Michigan economy between 1990 and 1996 were located in Oakland County. This constitutes 29 percent of the new jobs in Michigan. SEMCOG data on commuting patterns show 49,000 Detroiters commuted to Oakland County each workday, while 56,000 of Oakland County residents commuted to Detroit. There is also likely some limited back and forth commuting for employment between Detroit and Macomb County residents, where about 40.8 percent of residents work outside of Macomb County (A Profile of Macomb County, 1990). This may be of greater interest to clusters along Detroit's eastern borders. These numbers in part confirm the relationship between cities within the region.

Occupational Openings and Job Growth

Occupational openings and employment growth in southeastern Michigan are affected by the changes in the industry mix. The greatest job opportunities will be in the growing service industry. Future employers are seeking a higher skill level among their new hires, and those with fewer skills will be at a disadvantage (*FutureScape*, October, 1996).

Figure 3



The greatest job growth through the year 2020 will occur in outlying suburban areas, particularly in the northern and western portions of Oakland County (UWCS "FutureScape," October, 1996).



Table 2

Top 10 job Growth Communities in Southeastern Michigan

	Employment		Change	
	1990	2020	# of Employees	Percent
Auburn Hills	22,220	62,000	39,800	179.3%
Ann Arbor	113,300	134,700	21,400	18.9%
Troy	104,500	125,000	20,500	19.6%
Rochester Hills	18,700	36,700	18,000	96.3%
Livonia	93,100	110,200	17,100	18.4%
Canton Twp.	14,200	30,600	16,400	115.5%
Waterford Twp.	23,100	39,300	16,200	70.1%
Sterling Heights	55,800	70,800	15,000	26.9%
Novi	22,200	36,700	14,500	65.3%
Clinton Twp.	25,700	40,200	14,500	56.4%

Source: SEMCOG

Like Oakland County and the nation as a whole, Wayne County is slowly changing from a production-based to a service based-economy. However, Wayne County has also maintained a strong manufacturing base. About 27 percent of the county's employment base remains manufacturing and is projected to remain so in the foreseeable future (*Wayne County Information Guide*, 1995). Oakland County also projects continued growth in manufacturing. It expects motor vehicle manufacturing to add 1,000 jobs in each of the next two years, putting employment in this category at the highest levels ever recorded (*Oakland County Economic Outlook*, 1997-1998). The Outlook further projects that:

- The nature of local jobs in the auto sector has changed dramatically over the years, as white collar jobs at headquarters and research facilities have increasingly replaced blue-collar factory jobs. This shift has been seen in Detroit.
- Other manufacturing industries are projected to gain 4,000 jobs collectively over the next two years, with the fastest growth in printing, chemicals, plastics, and electrical machinery.
- Retail trade and services will add 4,000 jobs, and employment in services will increase by 13,000 in 1998. Most of the job gains in services are in business and professional services, with the projections of even distribution between higher wage industries such as engineering and computer services and lower wage industries such as help supply (temporary help) services.

Further, according to the University of Michigan Office for the Study of Automotive Transportation, there is a shortage of skilled technical people to work in automotive industry firms. More than 100,000 workers will be hired in Michigan by 2003 to replace



aging workers. The motor vehicles and parts industry continues as a mainstay of the Michigan economy, and southeast Michigan will play a more prominent role in the global automotive marketplace. The region is poised for global competitiveness in many ways. Wayne County, for example, is already home to about 149 foreign firms with six based in Detroit, and 25 international law firms with 24 located in Detroit and one in Livonia. These trends and others, such as increased use of contingent workers, part-time workers, and homebased consultants, have implications for the Cluster's recommendations related to creating job centers.

Transportation

The Detroit metropolitan region is linked by several freeways including the Chrysler (I-75), Edsel Ford (I-94), Jeffries (I-96), I-275, John C. Lodge (M-10), Walter Reuther (I-696), and Southfield Freeway (M-39) as well as major radial streets (Woodward, Gratiot, Grand River, Telegraph, Jefferson Ave.) and thoroughfares (Six Mile, Seven Mile and Eight Mile Roads). Cluster 8 is linked to the region via Jeffries Fwy. (I-96), Southfield Fwy. (M-39), Eight Mile, Seven Mile, and Six Mile Roads, and Grand River. These transportation routes can be important assets for accessing employment and training opportunities, business development, shopping and entertainment.

The neighborhood commercial survey identified major thoroughfares, such as Grand River in need of repair. Federal funding to correct current deficiencies in the roads will continue to decline, forcing state and local governments to seek funding elsewhere.

Table 3

Total Proposed Project Programming: Roads, Bridges, Transit - S.E. Michigan												
FY 1996, 1997, 1998 (\$ millions)												
	FY 1996			FY 1997			FY 1998			Three Year		
	Federal	Nonfederal	Total	Federal	NonFederal	Total	Federal	Nonfederal	Total	Federal	Nonfederal	Total
Roads	418.6	210.3	628.9	246.1	112.6	358.7	206.6	118.9	325.5	871.3	441.8	1313.1
Bridges	93	7.3	100.3	55.2	10.6	65.8	50.5	10.4	60.9	198.7	28.3	227
Transit	87.3	88.3	175.6	67.9	86.2	154.1	51.9	85.6	137.5	207.1	260.1	467.2
Total	598.9	305.9	904.8	369.2	209.4	578.6	309	214.9	523.9	1277.1	730.2	2007.3

Source: Southeast Michigan Council of Governments

Regional Statistics

Detroit is the major regional link to Canada through The Ambassador Bridge and Detroit/Windsor Tunnel. A second bridge, the Blue Water Bridge, is located in Port Huron. Detroit likewise is home to international port facilities with full U.S. Customs and warehouse space and a Free Trade Zone operation. The region is also served by air via Detroit Metropolitan International Airport. Local airports include Detroit City, Oakland-Pontiac, Big Beaver Airport, Oakland-Troy, and New Hudson Airports. Macomb County is home to



Selfridge Air National Guard Base and two small airports, Macomb and Romeo.

Transportation by passenger railway is also available in the region through Amtrak. Freight service for industry is available through Grand Trunk and the CSX Transportation.

Crime

UWCS in its FutureScape document reports that the total number of criminal offenses in Wayne County, Oakland, and Macomb Counties dropped from 1990 to 1994. They further reported:

- Total criminal offenses in the tri-county area in 1990 numbered 568,928; this declined to 521,332 in 1994.
- Violent crime decreased by 6.1 percent between 1993 and 1994.
- Of those arrested in 1994, 11 percent were persons aged 16 and under.
- The total number of juvenile crime cases handled by police departments in the tri-county area increased 16.5 percent from 15,649 in 1989 in 1993.

Table 4

Violent Crime Rates by County							
(For Southeastern Michigan)							
	1980	1990	1992	1993	1994	%Change 1980-1990	% Change 1993-1994
Livingston	296	232	200	186	160	-21.7	-13.9
Macomb	360	478	397	443	422	32.5	-4.7
Monroe	229	478	475	411	406	108.4	-1.2
Oakland	438	380	517	516	354	-13.3	-31.3
St. Clair	240	305	378	341	385	27.1	12.9
Washtenaw	537	638	616	603	584	18.7	-3.1
Wayne	1,263	1,598	1,521	1,618	1,606	26.5	-7.4
Detroit	1,935	2,699	2,608	2,832	2,769	39.5	-2.2
Out	550	553	508	489	530	0.5	8.3
Region	829	968	945	983	923	16.7	-6.1
State	630	777	791	783	750	23.4	-4.2
U.S.	597	732	758	758	716	22.4	-5.5

Note: Crime rate is per 100,000 population. Violent crime are murder, rape, robbery and aggravated assault. All rates were calculated on reported offenses before rounding.

Sources: *Uniform Crime report for the State of Michigan*, 1980,1990,1992,1993,1994; and *Uniform Crime report for the United States*, 1980,1990,1992,1994. *Subcounty Population Estimates for Michigan 1990-1994*, Michigan Department of Management and Budget, Office of State Demographer.

Of special interest to cluster residents is information on crime rates within Detroit. During the data and information gathering process cluster board members and stakeholders discussed the need to work more closely with the Detroit Police Department. (See map page 44.)